

# JOINT COMMITTEE ON FINANCE

25a



**SENATE CHAIR  
BRIAN BURKE**

## MEMORANDUM

To: Richard L. Bolton  
Boardman, Suhr, Curry & Field

From: Julie Cote  
Senate Committee Clerk  
Joint Committee on Finance

Date: February 5, 1997

Re: Public Records Request

Enclosed please find a copy of the minutes of the regular meeting of the Joint Committee on Finance under s. 13.10, Stats. from September 26, 1996. In addition, I have enclosed copies of the Fiscal Bureau papers prepared for members of the Committee concerning the two requests from the Department of Corrections considered at this meeting.

For your future information, meetings under s. 13.10, Stats. are clerked by an employee of the Department of Administration, Daniel Caucutt. As Committee Clerk, he is responsible for preparing the meeting minutes and recording member votes during the regular meetings under s. 13.10, Stats. and should be considered the public records custodian of this information.

If I can be of further assistance, please do not hesitate to contact me.



**Boardman, Suhr, Curry & Field**  
ATTORNEYS AT LAW

410 Firststar Plaza  
One South Pinckney Street  
P.O. Box 927  
Madison, WI 53701-0927  
Telephone (608) 257-9521  
Facsimile (608) 283-1709

**RICHARD L. BOLTON**

February 3, 1997

Records Custodian  
State of Wisconsin Joint Committee on Finance  
c/o Senate Chair Brian B. Burke  
100 North Hamilton Street, Room 302  
P.O. Box 7882  
Madison, WI 53707-7882

Records Custodian  
State of Wisconsin Joint Committee on Finance  
c/o Assembly Chair Ben Brancel  
119 Martin Luther King, Jr. Blvd., Suite LL2  
P.O. Box 8952  
Madison, WI 53707-8952

**RE: Public Records Request**

Dear Sir or Madam:

I request the right to inspect and copy the following category of records:

1. Any transcript, tape recording and/or notes of the regular meeting of the Joint Committee on Finance on September 26, 1996.
2. All documents relating in any way to the motion considered by the Joint Committee on Finance on September 26, 1996, to prohibit the Department of Corrections and the Parole Commission from any early release of drug dealers during 1996-97.



Boardman, Suhr, Curry & Field

Records Custodian  
State of Wisconsin Joint Committee on Finance  
February 3, 1997  
Page 2

We agree to pay the actual, necessary and direct cost of reproduction of the requested records or to pay whatever fee is otherwise specifically established or authorized by law. Thank you.

Sincerely,

BOARDMAN, SUHR, CURRY & FIELD

By

A handwritten signature in cursive script, appearing to read 'Richard L. Bolton'.

Richard L. Bolton

RLB/cp

F:\DOCS\WD\21385\4\CP1852.WPD

# STATE OF WISCONSIN

SEN. BRIAN B. BURKE, CO-CHAIR  
JOINT COMMITTEE ON FINANCE  
119 M. LUTHER KING, JR. BLVD.  
ROOM LL1

SENATE CHAIR  
BRIAN BURKE

ASSEMBLY CHAIR  
SCOTT JENSEN



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## JOINT COMMITTEE ON FINANCE

**Date:** March 5, 1997

**To:** The Members, Joint Committee on Finance

**From:** Dan Caucutt, Secretary for s. 13.10 Actions

The next regular meeting of the Joint Committee on Finance under s. 13.10 is scheduled for Thursday, March 27, 1997, at 1:30 p.m. on the First Floor of 119 Martin Luther King, Jr. Blvd.

The status of the committee's biennial GPR supplementation and loan appropriation [s. 20.865(4)(a)] is summarized on the attachment.

Twelve items are currently scheduled for committee action. In addition, there will be one or more reports submitted later.

The Governor's recommendations on the requests and State Budget Office analyses of them will be distributed to the members on March 20, 1997, along with the formal agenda. The Fiscal Bureau will distribute its own analyses of the requests. Materials in the March 20 distribution will be organized by tabbed section dividers marked with the Roman numerals in the upper-right corner of the attached requests.

The following is a summary of the items in the order that they will be heard on March 27, 1997.

### I. Department of Veterans Affairs -- Raymond G. Boland, Secretary

The department requests a one-time transfer in 1996-97 of \$449,200 SEG from the appropriation under s. 20.485(2)(y), veterans loans and expenses, to the appropriation under s. 20.485(2)(vm), veterans aids and treatment, to fund increased demand for the health care aid grant and subsistence aid grant programs.

II. Department of Administration -- Roland Boeding, Director, Bureau of State Risk Management, Division of State Agency Services

Pursuant to s. 146.89, the department requests approval for participation in the Volunteer Health Care Provider Program of a joint application of the St. Clare Health Mission of Sparta and the twelve medical professionals volunteering services through that agency. The department also requests authority under a 14-day passive review process for any new applications for medical professionals serving St. Clare Health Mission of Sparta which meet the guidelines specified under s. 146.89(3)(a)2 and have been reviewed by the Department of Regulation and Licensing Medical Examining Board as provided under s. 146.89(2).

III. Wisconsin Sesquicentennial Commission -- Dean Amhaus, Executive Director

The Wisconsin sesquicentennial commission requests a supplement of \$47,100 GPR in 1996-97 from the Committee's appropriation under s.20.865(4)(c), Wisconsin sesquicentennial commission appropriation supplement, to the appropriation under s.20.525(1)(k), Wisconsin sesquicentennial commission; supplementable gifts and grants, to provide grants to commemorate the 150th anniversary of Wisconsin statehood. The commission also requests that it be allowed to provide an updated report of the actual supplement from the Committee's appropriation on March 27, 1997 at the Committee's scheduled s.13.10 meeting.

IV. Department of Natural Resources -- George Meyer, Secretary

The department is requesting that the Committee take action under s. 350.12(4)(br), as amended by 1995 Wisconsin Act 27, to increase the FY97 expenditure amount for supplemental trail aids within the snowmobile trail recreation aids appropriation under s. 20.370(5)(cs) by an additional \$80,000 SEG.

V. Department of Justice -- Andrew Cohn, Executive Assistant

The department requests a supplement of \$447,000 GPR in FY97 from the Committee's appropriation under s.20.865(4)(a) to the legal expenses appropriation under s.20.455(1)(d) to provide additional funding for the department's expenses in the prosecution and defense of actions or proceedings in which the state is a party or may have an interest.

VI. Department of Corrections -- Michael J. Sullivan, Secretary

The department requests the transfer of \$422,000 GPR from the Committee's appropriation (s. 20.865(4)(a)) to the sale of land appropriation (s. 20.410(1)(kf)) and the authority to expend \$422,000 PRS in FY97 to purchase additional farm land at the Oregon Correctional Farm.

VII. Department of Corrections -- Michael J. Sullivan, Secretary

The department requests the transfer of \$89,000 GPR and 4.0 FTE GPR positions in FY97 from the Committee's appropriation (s. 20.865(4)(a)), which was allocated to the department for a secure work program for inmates under 1995 Wisconsin Act 416, to the department's general program operations appropriation (s. 20.410(1)(a)).

VIII. Department of Health and Family Services -- Susan Dreyfus, Administrator, Division of Children and Family Services

The department requests the transfer of \$393,000 GPR from s. 20.435(2)(bj), conditional and supervised release treatment and services, to s. 20.435(3)(dd), state foster care and adoption services, to provide additional funding for adoption assistance payments through June 30, 1997.

IX. Department of Health and Family Services -- Tom Alt, Administrator of the Division of Care and Treatment Facilities

The department, acting under s. 13.101(13)(b), requests the transfer of \$156,000 from appropriation s. 20.865(4)(a), the Committee's supplemental appropriation, to s. 20.435(2)(a), the Division of Care and Treatment Facilities (DCTF) general operations appropriation, from the sale of surplus land at Mendota Mental Health Institute (MMHI). The funds will be used to reduce the deficit at MMHI.

X. University of Wisconsin System -- Margaret Lewis, Associate Vice President

The University of Wisconsin System requests the elimination of the following annual reporting requirements: (1) Report on Undergraduate Drop Rates; and (2) Business Schools Report. Both of these reporting requirements were established by the Joint Committee on Finance, therefore, a formal review process by the Committee under s. 13.10 is necessary to eliminate them.

XI. Higher Educational Aids Board -- Valorie T. Olson, Executive Secretary

The board requests \$162,600 GPR in 1996-97 for the Academic Excellence Scholarship appropriation s. 20.235(1)(fy) to fully fund the program for the 1996-97 academic year. This involves the transfer of \$80,000 GPR from the Nursing Student Loan Program under s.20.235(1)(cg), the transfer of \$15,000 GPR from the Independent Student Grant Program under s.20.235(1)(fc) and a supplement of \$67,600 GPR from the Committee's appropriation under s. 20.865(4)(a).

XII. Higher Educational Aids Board -- Valorie T. Olson, Executive Secretary

The board requests the approval of a new Tuition Reciprocity Agreement between Wisconsin and Minnesota. The current agreement is due to expire on July 1, 1998. Consistent with past practice, the new agreement is submitted for approval a year in advance of the current agreement's expiration date.

Reports

- R-1 Department of Administration Position Reports Required under s. 16.50.
- R-2 Department of Corrections Supplies and Services Report

Attachment

**JOINT COMMITTEE ON FINANCE APPROPRIATION SUMMARY**

[Updated through February 12, 1997]

	1995-96	1996-97	1995-97 Biennium
<b>Biennial Appropriation Amount [s. 20.865(4)(a)]</b>	<b>\$11,821,600</b>	<b>\$34,647,000</b>	<b>\$46,468,600</b>
<u>Reserved For:</u>			
H&SS -- CARES Computer System for Econ. Support Progs.	\$1,587,000	\$1,796,600	\$3,383,600
H&SS -- KIDS Computer System for Child Support Enforcement	5,759,200	7,522,100	13,281,300
H&SS -- AFDC Consolidated Child Care	870,900	885,700	1,756,600
H&SS -- Child Care Administration	60,300	65,800	126,100
H&SS -- AFDC Self-Initiated Child Care	76,400	63,600	140,000
WCC -- Minimum Wage Increases	150,000	0	150,000
WI Institute for School Executives Payments	125,000	125,000	250,000
H&SS -- Community Options Program Data Collection	50,000	0	50,000
H&SS -- Self Suffic. First/Pay for Perf. Waivers (Act 12)	2,337,000	2,986,600	5,323,600
H&SS -- W2 Implementation (Act 289)	0	13,000,000	13,000,000
DOC -- Intergovernmental Corrections (Act 416)	0	2,073,800	2,073,800
DOC -- Intensive Sanctions (Act 416)	0	937,900	937,900
DOC -- Secure Work Program (Act 416)	0	183,800	183,800
Milwaukee County Child Welfare Services (Act 303)	0	4,051,400	4,051,400
Public Land Sales Reserve	453,600	602,500	1,056,100
Sub-total Reserved Balance	\$11,469,400	\$34,294,800	\$45,764,200
<u>Releases from Reserved Balance</u>			
KIDS Computer System for Child Support Enforcement (10/26/95)	\$2,316,400	\$0	\$2,316,400
Self Suffic. First/Pay For Perf. Waivers (12/12/95)	2,274,300	2,986,600	5,260,900
H&SS -- Community Options Program Data Collection (4/16/96)	0	50,000	50,000
H&SS -- Self Suffic. First/Pay for Perf. Waivers (4/16/96)	0	62,700	62,700
WI Institute for School Executives Payments (4/16/96)	250,000	0	250,000
DILHR -- KIDS Computer System (6/27/96)	0	4,303,200	4,303,200
DOC -- Intergovernmental Corrections (9/26/96)	0	2,073,800	2,073,800
DOC -- Intensive Sanctions (9/26/96)	0	937,900	937,900
WCC -- Minimum Wage Increases (9/26/95)	0	150,000	150,000
H&FS -- Public Land Sales Release (12/16/96)	0	279,300	279,300
H&IFS -- Milwaukee County child Welfare Services (12/16/96)	0	1,795,100	1,795,100
DWD -- KIDS Computer System (12/16/96)	0	6,405,700	6,405,700
UW -- Public Land Sales Release (12/16/96)	0	132,300	132,300
Public Defender -- Private Bar (2/12/97) [from W2 funds]	0	2,335,700	2,335,700
Total Releases	\$4,840,700	\$21,512,300	\$26,353,000
<b>Remaining Reserved Balance</b>	<b>\$6,628,700</b>	<b>\$12,782,500</b>	<b>\$19,411,200</b>
<b>Net Unreserved Balance Available</b>	<b>\$352,200</b>	<b>\$352,200</b>	<b>\$704,400</b>
<u>Releases from Unreserved Balance</u>			
Judicial Commission-Judicial Council Meeting Expense (12/12/95)	\$10,000	\$10,000	\$20,000
UW System/UW-Extension Pay Plan Funding (12/12/95)	56,900	0	56,900
H&SS -- COP Data Collection (4/16/96)	0	137,300	137,300
HEAB -- Academic Excellence Scholarships (4/16/96)	85,400	0	85,400
DPI -- HEAB Secretary Project Position (6/27/96)	0	78,900	78,900
DHFS -- TPR Prosecution in Milwaukee Co. (6/27/96)	0	430,200	430,200
Courts -- Court Interpreter Reimbursement (7/10/96)	27,000	17,700	44,700
DOJ -- Legal Expenses (12/16/96)	0	92,800	92,800
Total Releases	\$179,300	\$766,900	\$946,200
<u>Transfers to Committee's Appropriation</u>			
From DHSS s.20.435(2)(b) (6/27/96)	\$0	\$518,600	\$518,600
From DOC s.20.410(1)(a) (6/27/96)	\$0	\$104,700	\$104,700
<b>Net Unreserved Balance Remaining</b>	<b>\$172,900</b>	<b>\$208,600</b>	<b>\$381,500</b>
<b>TOTAL AVAILABLE</b>			
(Net Reserved & Unreserved Balance Remaining)	<b>\$6,801,600</b>	<b>\$12,991,100</b>	<b>\$19,792,700</b>

# STATE OF WISCONSIN

SENATE CHAIR  
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## JOINT COMMITTEE ON FINANCE

### AGENDA

1:30 p.m., Thursday, March 27, 1997

s. 13.10 Meeting

on the First Floor of 119 Martin Luther King, Jr. Blvd.

- I. Department of Veterans Affairs -- Raymond G. Boland, Secretary
- II. Department of Administration -- Roland Boeding, Director, Bureau of State Risk Management, Division of State Agency Services
- III. Wisconsin Sesquicentennial Commission -- Dean Amhaus, Executive Director
- IV. Department of Natural Resources -- George Meyer, Secretary
- V. Department of Justice -- Matthew Frank, Administrator, Legal Services Division
- VI. Department of Corrections -- Michael J. Sullivan, Secretary -- WITHDRAWN
- VII-a. Department of Corrections -- Michael J. Sullivan, Secretary
- VII-b. Department of Corrections -- Michael J. Sullivan, Secretary
- VIII. Department of Health and Family Services -- Susan Dreyfus, Administrator, Division of Children and Family Services
- IX. Department of Health and Family Services -- Tom Alt, Administrator of the Division of Care and Treatment Facilities
- X. University of Wisconsin System -- Margaret Lewis, Associate Vice President
- XI. Higher Educational Aids Board -- Valorie T. Olson, Executive Secretary
- XII. Higher Educational Aids Board -- Valorie T. Olson, Executive Secretary -- WITHDRAWN
- XIII. Department of Revenue -- Cathy S. Zeuske, Secretary

### Reports

- R-1 Department of Administration Position Reports Required under s. 16.50
- R-2 Department of Corrections Supplies and Services Reduction Report

**JOINT COMMITTEE ON FINANCE APPROPRIATION SUMMARY**

[Updated through February 12, 1997 - revised ]

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H&IFS -- Milwaukee County child Welfare Services (12/16/96)	0	1,795,100	1,795,100
DWD -- KIDS Computer System (12/16/96)	0	6,405,700	6,405,700
UW -- Public Land Sales Release (12/16/96)	0	132,300	132,300
Public Defender -- Private Bar (2/12/97) [from W2 funds]	0	2,335,700	2,335,700
Total Releases	<u>\$4,840,700</u>	<u>\$21,942,500</u>	<u>\$26,783,200</u>
<b>Remaining Reserved Balance</b>	<b>\$6,628,700</b>	<b>\$12,352,300</b>	<b>\$18,981,000</b>
<b>Net Unreserved Balance Available</b>	<b>\$352,200</b>	<b>\$352,200</b>	<b>\$704,400</b>
<u>Releases from Unreserved Balance</u>			
Judicial Commission-Judicial Council Meeting Expense (12/12/95)	\$10,000	\$10,000	\$20,000
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DPI -- HEAB Secretary Project Position (6/27/96)	0	78,900	78,900
Courts -- Court Interpreter Reimbursement (7/10/96)	27,000	17,700	44,700
DOJ -- Legal Expenses (12/16/96)	0	92,800	92,800
Total Releases	<u>\$179,300</u>	<u>\$336,700</u>	<u>\$516,000</u>
<u>Transfers to Committee's Appropriation</u>			
From DHSS s.20.435(2)(b) (6/27/96)	\$0	\$518,600	\$518,600
From DOC s.20.410(1)(a) (6/27/96)	\$0	\$104,700	\$104,700
<b>Net Unreserved Balance Remaining</b>	<b>\$172,900</b>	<b>\$638,800</b>	<b>\$811,700</b>
<b>TOTAL AVAILABLE</b>			
(Net Reserved & Unreserved Balance Remaining)	<b>\$6,801,600</b>	<b>\$12,991,100</b>	<b>\$19,792,700</b>



## **Legislative Fiscal Bureau**

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

March 27, 1997

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Veterans Affairs--Section 13.10 Request for Funds to Pay for Veterans Aids and Treatment Grants--Agenda Item I

### **REQUEST**

The Department of Veterans Affairs (DVA) requests a one-time transfer of \$449,200 SEG from the veterans loans and expense appropriation to the veterans aids and treatment appropriation to meet increased costs in 1996-97 in veterans grant programs financed from the aids and treatment appropriation.

### **BACKGROUND**

The Department's request involves two SEG veterans trust fund appropriations. The veterans loans and expense appropriation funds economic assistance loans. The second appropriation, the veterans aids and treatment appropriation funds five grant programs: (1) the health care aid grant program; (2) the subsistence aid grant program; (3) the retraining grant program; (4) the part-time study grant program; and (5) death refund grants. The Department has requested additional funding of \$449,200 in 1996-97 for the veterans aids and treatment appropriation to meet total anticipated increased costs to be paid in 1996-97 for two of the five grant programs -- health care aid and subsistence aid grants.

As of March 1, 1997, DVA has suspended the health care aid grant program for the remainder of 1996-97. The Department intends to use most of the additional requested funding to pay for commitments already made under the health care aid grant program prior to March 1, 1997.

## ANALYSIS

The total amount budgeted in 1996-97 for the grant programs funded from the segregated, veterans aids and treatment appropriation is \$1,469,500. The Department has projected total program commitments for this appropriation that would be paid in 1996-97 at \$1,918,700. The projected shortfall, \$449,200, is the subject of this request. A breakdown of the DVA's request is provided in the table below:

<u>Program</u>	1996-97					
	<u>Dept's Budget</u>	<u>Expenditures thru 2/97</u>	<u>Projected Total Commitments<sup>a</sup></u>	<u>Projected Shortfall</u>	<u>Supplement Requested</u>	<u>Unfunded Commitments</u>
Health Care Aid Grant	\$435,900	\$437,176	\$862,100 <sup>b</sup>	\$426,200	\$426,200	\$0 <sup>c</sup>
Subsistence Aid Grant	175,800	128,920	198,800	23,000	23,000	0
Retraining Grant	330,700	307,651	494,100	163,400	0	163,400 <sup>d</sup>
Death Refund Grant	0	0	0	0	0	0
Part-time Study Grant	<u>527,100</u>	<u>487,607</u>	<u>718,500</u>	<u>191,400</u>	<u>0</u>	<u>191,400</u> <sup>d</sup>
Total	\$1,469,500	\$1,361,354	\$2,273,500	\$804,000	\$449,200	\$354,800

<sup>a</sup> This column indicates expenditures through February, 1997, plus additional commitments.

<sup>b</sup> This amount is based on funding only health care aid grant commitments made through February 28, 1997.

<sup>c</sup> Assumes no health care aid grant program commitments after February 28, 1997.

<sup>d</sup> The Department plans to fund these commitment amounts from its 1997-98 appropriation for these programs.

The following provides an overview of: (1) the amount DVA has budgeted for each of these programs; (2) DVA's projected expenditures and/or commitments for each program; (3) the requested supplemental funding; and (4) reasons identified by DVA for the increase in demand for each of the programs. Death refund grants are not discussed below, because no grants have been provided under this program for the last three fiscal years and none are anticipated for this fiscal year. Death refund grants are provided to a veteran's surviving spouse to pay off the remaining balance of an economic assistance loan if the surviving spouse does not have the financial ability to do so.

**Retraining Grants.** The retraining grant program provides grants of up to \$3,000 per year to recently unemployed or underemployed veterans who have a financial need while being retrained. For 1996-97, DVA has budgeted \$330,700 for this program and now projects total commitments of \$494,100. Thus, commitments will exceed budgeted amounts by \$163,400.

The statutory eligibility requirements for this program were modified in 1995 Act 27 to allow veterans who are underemployed, as defined by DVA administrative rule, to participate in the program. (Under current rules, DVA utilizes the federal poverty guidelines to identify veterans who qualify as being underemployed.) Prior to this statutory change, only unemployed

veterans or veterans who had received notice of termination of employment were eligible for the program. The Department believes that this change is the primary factor which contributes to the shortfall.

In its 13.10 request, DVA has not requested any supplemental funding for the retraining grant program. Rather, it intends to fund costs over its budgeted level for this program from its 1997-98 appropriation.

Part-time Study Grants. The part-time study grant program provides reimbursement for the cost of tuition, fees and books for part-time study at accredited schools. Reimbursement is limited to \$300 per course or \$1,100 per year for part-time courses. In 1996-97, DVA has budgeted \$527,100 for this program and now projects total commitments at \$718,500 -- a shortfall of \$191,400.

The Department has identified several factors it believes have influenced demand for this program including: (1) increases in tuition costs; (2) increasing usage by Desert Storm veterans; (3) expanding program eligibility to include, for example, veterans who were residents of this state for five consecutive years instead of ten years; and (4) usage by veterans who are anticipating a decrease in benefits when grants are limited to 50% of cost of tuition as provided under the budget bill as compared to the current reimbursement amounts.

Similar to the retraining grant program, the Department has not requested additional funding for this program to cover the projected shortfall. Rather DVA intends on paying \$191,400 of 1996-97 costs from its 1997-98 appropriation.

As noted above, although both the retraining grant and the part-time study grant programs are anticipated to have funding shortfalls in 1996-97, DVA intends on paying the projected shortfalls for grants out of its next fiscal year (1997-98 appropriation in this case) as has been its practice in past years. The Department's practice regarding payment of these grants is due at least in part to the timing of the receipt and processing of the applications for the retraining and part-time study grant programs.

Unlike the next two programs, subsistence aid grant and health care aid grant programs, which tend to be more emergency in nature and for which applications flow into DVA continually throughout the year, the timing of retraining and part-time study grant applications is dependent on course schedules. For example, the retraining grant program, pays grants for shorter programs in full before course completion. However, for longer programs, payment of grants are made in two installments, not to exceed \$3,000 per year. For part-time study grants, applications for grants must generally be received by DVA no more than 60 days after the course is completed. Therefore, for courses concluding in May or June, DVA may not receive part-time study grant requests for that coursework until close to or after the end of the fiscal year. In these cases, DVA carries these grant requests forward and pays them out of the next year's appropriation.

Subsistence Aid Grants. The subsistence aid grant program, provides emergency assistance for the payment of basic needs including food, rent and clothing to veterans or the veteran's dependents who are without income because of illness, disability or death. Aid is provided on a month-to-month basis and is generally limited to a maximum of three months within a twelve-month period. The Department has budgeted \$175,800 for 1996-97 for this program and now projects total expenditures for this program at \$198,800 -- a shortfall of \$23,000.

The Department believes that because this program provides emergency financial assistance for basic subsistence needs of economically disadvantaged veterans, it is critical to the well-being of affected veterans and their dependents that this aid continue to be available for such individuals. In its 13.10 request, DVA requests increased funding of \$23,000 SEG to fully fund anticipated expenditures in FY97.

Health Care Aid Grant Program. The health care aid grant program provides assistance to veterans to cover certain medical or hospital bills. Grants are limited to \$5,000 per veteran or dependent for a maximum of 30 days within a twelve-month period for the same condition or conditions. Single veterans with monthly incomes less than \$900 or married veterans with a combined monthly income of less than \$1,300 plus \$125 for each dependent are eligible for this program without undergoing any further analysis of the availability of assets for health care expenses. The Department has budgeted \$435,900 for this program in 1996-97. However, because of concerns that commitments were escalating in recent months far above the budgeted level, DVA suspended authorization of any further commitments for grants under this program effective March 1, 1997. As of February 28, 1997, \$437,176 had been expended for health care aid grant payments. In addition to those expenditures, DVA estimates that commitments made prior to the February 28, 1997, shutdown of the program, for payments of health care treatments for veterans could require additional expenditures of approximately \$425,000.

A majority of these claims are not in-hand but are prior authorizations for specific treatment for which claims have yet to be submitted. The actual grant amount that is ultimately provided may change depending on the final cost of the treatment -- except that in no case can that amount exceed \$5,000. Until a claim is actually submitted and reviewed by DVA staff, the prior authorization represents only an estimated amount. Therefore, if total claims are less, any excess funding will lapse to the veterans trust fund. In the event total claim costs are more than the requested funding, DVA has indicated it is unsure of what action it would take. The Department has indicated that even though it has suspended the program as of March 1, 1997, it believes it has a commitment to pay these prior authorized cases when the claims are presented.

The Department has also estimated that if the program had not been suspended, total health care aid grant expenditures for 1996-97 would total \$1,421,800 -- \$985,900 more than the budgeted amount. However, in its s. 13.10 request, DVA has only requested \$426,200 to fund its estimate of health care aid grant commitments made through February 28, 1997.

Under current law, the health care aid grant program is scheduled to sunset on June 30, 1997. However, DVA requested in its budget submission and the Governor has included in his budget recommendations, another two-year extension of the program. [Under 1993 Act 16, the program was to sunset July 1, 1995. However, 1995 Act 27 extended that sunset date for this program another two years to June 30, 1997.] The Department now indicates that in connection with its current suspension of the program it is reevaluating its recommendation regarding continuation of the program in its present form for another two years.

The Department has identified several factors that it believes may have contributed to the increase in expenditures in this program. The first factor is statutory and administrative rule changes that were made which expanded eligibility and simplified the application process for this program. For example, in January, 1996, DVA modified the administrative rule regarding this program to eliminate the requirement for itemized bills and provided instead that other acceptable documentation may be submitted. In addition, modifications allowed low-income veterans to qualify for a grant without undergoing any further analysis of the availability of certain assets for health care expenses. [The Governor's budget does include DVA's recommendation to create a requirement that a veteran may not have more than \$1,000 in liquid assets and still be eligible for this program.] The Department also eliminated the requirement that applicants apply for an unsecured economic assistance loan as a condition of eligibility.

A second factor DVA notes is the increase in the grants for dentures. Previously, the Department was not providing grants for bridges. However, a recent determination by DVA's counsel has changed that decision and DVA's position now is that bridges are considered a covered item under dentures. The Department indicates that this factor has resulted in an increased number of grants under the program. Specifically, DVA indicates that it has already paid \$50,000 in denture expenses in 1996-97 and that it has made commitments for approximately \$115,000 in additional grants for denture work. In this regard, it should be noted that current administrative rules limit the amount DVA may pay for denture grants to \$50,000 per fiscal year. However, DVA has indicated that if funding is authorized as requested, it intends on promulgating an emergency rule to increase, for this fiscal year only, the maximum amount that may be provided for denture grants.

A third factor is that counties are no longer required to provide general assistance, which DVA believes has resulted in more veterans seeking assistance for health care costs. Further, DVA indicates that federal budget cutbacks for federal VA hospitals in this region have resulted in a reduction of health care services for indigent veterans.

The combination of these factors has greatly impacted the increased demand for the program. To illustrate the significant increase in expenditures for the program, the table below compares payments on a month-by-month and a cumulative basis for the fiscal years 1995 through 1997 (to date).

**Expenditures for the Health Care Aid Grant Program  
Fiscal Years 1995-1997**

	<u>1994-95</u>		<u>1995-96</u>		<u>1996-97</u>	
	<u>Monthly</u>	<u>Cumulative</u>	<u>Monthly</u>	<u>Cumulative</u>	<u>Monthly</u>	<u>Cumulative</u>
July	\$0	\$0	\$0	\$0	\$17,595	\$17,595
August	15,786	15,786	50,925	50,925	54,605	72,200
September	13,558	29,344	29,843	80,768	67,902	140,102
October	40,076	69,420	19,533	100,301	63,807	203,909
November	46,854	116,274	31,380	131,681	37,680	241,589
December	47,829	164,103	16,444	148,125	81,569	323,158
January	19,393	183,496	48,046	196,171	81,748	404,906
February	17,116	200,612	57,102	253,273	32,270	437,176
March	47,177	247,789	33,351	286,624		
April	50,714	298,503	18,483	305,107		
May	24,324	322,827	46,713	351,820		
June	60,463	383,290	88,106	439,926		

As can be seen from the table, monthly expenditures in fiscal year 1997 are significantly above comparative monthly expenditures in prior years. Also, program expenditures for 1996-97 through February were almost 73% higher than for the same period in 1995-96.

In reviewing this aspect of DVA's request, the Committee may wish to consider whether it concurs with the Department's decision to suspend operation of this program, particularly in light of the recommendation that the program not sunset on June 30, 1997, but rather be continued for another two years. The Department believes the suspension is warranted given the dramatic expansion in costs and its desire to reevaluate the program's operation.

If the Committee agrees with the suspension of the program for the remainder of this fiscal year at least, then it could consider approving the funding increase for this program as requested by the Department to allow payment of DVA's estimated grant commitments through February 28, 1997. However, if the Committee believes that the program should continue until its fate is decided in the next budget, then it would need to address providing funding above DVA's request to continue the program for the remainder of this fiscal year.

As noted above, DVA estimates that total expenditures for the program, if there were no suspension, would total \$1,421,800. To meet this level of total funding, a total funding increase of \$985,900 (an increase of \$559,700 over the amount requested by DVA) would be required. Our review of this estimate indicates that this figure is on the high end of the potential cost of the program for 1996-97. However, if the entire \$985,900 were to be transferred and costs came in below that amount, the difference would simply lapse to the veterans trust fund at the close of the fiscal year.

Economic Assistance Loan Program The economic assistance loan program provides low interest loans up to \$5,000 for items including debt consolidation, education, business purposes and mobile home purchases. The economic assistance loan program is budgeted at \$4,359,700 in FY97. The Department projects that expenditures for the loan program will be approximately \$2,555,900. Based on this projection, it is estimated that \$1,803,800 will lapse to the veterans trust fund. From that estimated \$1.8 million balance DVA requests authority to transfer \$449,200 to the veterans aid and treatment appropriation. The projected \$1.8 million balance is sufficient to fund any of the alternatives listed below.

## ALTERNATIVES

1. Approve the Department's request to transfer \$449,200 in 1996-97 from the veterans loans and expense appropriation to the veterans aids and treatment appropriation (this would provide an additional \$426,200 for health care aid grants and \$23,000 for subsistence aid grants).

2. Direct the Department of Veterans Affairs to restore operation of the health care aid grant program and transfer \$1,008,900 in 1996-97 from the veterans loans and expense appropriation to the veterans aids and treatment appropriation (this would provide an additional \$985,900 for health care aid grants and \$23,000 for subsistence aid grants).

3. Deny the request.

Prepared by: Tricia Collins

MO# Alt. - 2

2 BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	Y	N	(A)
JAUCH	Y	N	(A)
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	Y	(N)	A
PANZER	(Y)	N	A
1 JENSEN	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
ALBERS	(Y)	N	A
PORTER	(Y)	N	A
KAUFERT	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

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